

THE NEW JERSEY BOARD OF PUBLIC UTILITIES
Notice of Comment Period
Strategic Plan
September 2006 – Revision 1

The 2005 Strategic Plan (herein after referred to as the Plan) established goals and objectives for the agency and its staff to pursue during the next four years and beyond and focused on contemporary agency discussion and debate, and was intended as a “living” document subject to modification with the ability to adapt or change targets and/or strategies quickly as the operating environment changed. This flexibility was intended to provide the agency with the ability to change the strategic plan as needed based on changing circumstances. The Plan provided a framework for carrying out strategic thinking, direction and action leading to achievement of consistent and planned results for the operating units of the Board. With the development, and ongoing measurement and monitoring of performance indicators for each of the objectives, the operating units have aligned their action plans to be consistent with the Plan.

When the 2005 Plan was approved by the Board, staff indicated that as changes are needed they would be presented to the Board for consideration. While the majority of the targets have been met or are on course to be met, our reassessment of the Plan has indicated a mid course correction on the target dates as well as a change in the target for some of the objectives. The proposed modifications are in part due to current budgetary and workload considerations and are shown underlined. This revision is the first such action. The staff intends to present the revised Plan to the Board at the October 12, 2006 Agenda Meeting. Through this

announcement the Board's staff is soliciting public input on the suggested changes to the Plan.

All written comments should be sent no later than September 22, 2006 to:

Dr. Bharat C. Patel
Director of Planning
Board of Public Utilities
44 South Clinton Avenue,
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Trenton, NJ 08625

Comments may be filed electronically at the following address:
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Goals of the stakeholder input process:

- To solicit input from stakeholders who could potentially be affected by the changes to the Plan;
- To provide Board staff with input from the diverse interests affected in order to ensure that the suggested changes to the Objectives in the Strategic Plan successfully address the desired policy outcomes in a practical and timely manner.
- To exchange ideas in a respectful manner in order to gain a better understanding of the issues

What the stakeholder input process is not:

- Not a forum for formal comments or testimony.
- Not an adversarial proceeding

New Jersey Board of Public Utilities

Strategic Plan

September 2006 – Revision 1

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PURPOSE

The adoption of the 2005 Strategic Plan, hereinafter referred to as the Plan, provided a framework for carrying out strategic thinking, direction and action leading to achievement of consistent and planned results for the operating units of the Board. With the development, and ongoing measurement and monitoring of performance indicators for each of the objectives, the operating units are aligning their action plans to be consistent with the Plan. While the majority of the targets have been met or are on course to be met, our reassessment of the Plan has indicated a mid course correction on the target dates as well as a change in the target for some of the objectives. The proposed modifications are in part due to current budgetary and workload considerations and are shown underlined. As indicated in the 2005 Plan, the Strategic Plan establishes goals and objectives for the agency and its staff to pursue during the next three years and beyond¹ and focuses on contemporary agency discussion and debate, and is intended as a “living” document subject to modification with the ability to adapt or change targets and/or strategies quickly as the operating environment changes. This flexibility is intended to provide the agency with the ability to change the strategic plan as needed based on changing circumstances. When the 2005 Plan was approved by the Board, staff indicated that as changes are needed they would be presented to the Board for consideration. This revision is the first such action.

Deleted: The initiation by the Board of Public Utilities (“Board” or “agency”) of a strategic planning process is in recognition of the need for performance measures or targets upon which the Board staff may rely to guide the agency in light of the changing regulatory paradigms associated with the industries the Board regulates.

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Deleted: It is intended to move the agency from a predominantly reactive governmental entity that simply reacts to utility petitions and pressures brought by other governmental bodies, to a more proactive public policy making body focused on results-based management. The tendency of the agency in its decision making process is on short-term planning, not the longer range strategic planning and goal-setting capability that is critical in today’s new regulatory environment. The Strategic Plan will

Deleted: In order to implement the Strategic Plan, an agency Action Plan will define the metric used to measure the performance related to each objective, the target needed to achieve the objective and well defined strategies and measurement protocols that will provide a basis for monitoring and for periodic adjustments in the strategic direction the agency is pursuing in order to achieve the respective objectives. It is our expectation that the Strategic Plan and Action Plan will provide a framework for carrying out strategic thinking, direction and action leading to the achievement of dependable and planned results consistent with the mission of the agency. ¶

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MISSION STATEMENT

To ensure the provision of safe, adequate and proper utility and regulated service at reasonable rates, while enhancing the quality of life for the citizens of New Jersey and performing these public duties with integrity, responsiveness and efficiency. (2002)

A. GOAL: Ensure and enhance the provision of Safe, Adequate and Proper Services by Regulated Entities

1. Performance Standards –

- 1.1 Objective. By July 2007, if necessary, modify current and/or develop new performance standards for regulated entities, as appropriate, in the areas of 1) customer service, 2) safety and reliability 3) financial integrity and 4) corporate

¹ The goals and objectives set forth herein shall not constrain the Board from taking such actions as may be deemed appropriate in fulfilling its regulatory functions and responsibilities.

governance. Not later than one year from adoption of a performance standard, the impacted regulated entities shall be in compliance with or shall enter into a binding agreement to be in compliance with the standard by a date certain.

2. *Security and Safety* –

- 2.1 Objective. On an ongoing basis, seek to enhance critical utility infrastructure protection, by approving updated Best Practices that provide effective planning, mitigation, response and recovery by the utilities in the event of natural emergency or terrorist event.
- 2.2 Objective. By 2008, reduce statewide damage incidents, due to excavations, to underground utility facilities by five percent compared to the five year average ending 2003.

3. *Reliability and Adequacy* –

- 3.1 Objective. By 2008, reduce statewide incidents of regulated cable television company reportable outages and regulated electric utility outages by ten and five percent respectively, compared to the five year average ending 2003 for cable television companies and three year average beginning 2003 for electric utilities.
- 3.2 Objective. By 2008, reduce statewide duration of regulated cable television company reportable outages and regulated electric utility outages by eight and five percent respectively, compared to the five year average ending 2003 for cable television companies and three year average beginning 2003 for electric utilities.
- 3.3 Objective. Annually, beginning in 2006, using transmission congestion information from PJM's² Regional Transmission Expansion Planning Process, identify unhedgeable congestion events within the New Jersey transmission network and participate in PJM processes to develop a plan to reduce congestion events that affect New Jersey
- 3.4 Objective. By December 2008, using a combination of energy efficiency and load management, improve the statewide electric load factor³ by 5 percent compared to the five year average ending 2003.

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B. GOAL: Ensure the provision of Regulated Services at Reasonable Rates while promoting Competition where appropriate.

² PJM Interconnection is a regional transmission organization (RTO) ensuring the reliability of the largest centrally dispatched control area in North America. It coordinates the movement of electricity in all or parts of Delaware, Illinois, Maryland, New Jersey, Ohio, Pennsylvania, Virginia, West Virginia and the District of Columbia.

³ Load Factor is a measure of the average load, in Megawatts, supplied during a given period and is calculated as a ratio of the average load to the peak load during the period. It is used to determine the total amount of energy that would have been used if the customer's maximum load was sustained over an extended period of time.

1. ***Reasonable Rates –***

- 1.1 Objective. On an ongoing basis, enable utilities to meet performance standards adopted by the Board by establishing rates that will provide them with the opportunity to earn a fair return on investment
- 1.2 Objective. On an ongoing basis, enable cable television companies in non-competitive systems to meet performance standards adopted by the Board by instituting approved basic rates based on eligible federal methodologies.

2 ***Corporate Governance –***

- 2.1 Objective. On an ongoing basis, all utilities shall be in compliance with established corporate governance standards.
- 2.2 Objective. On an ongoing basis, all rated utilities shall maintain an investment grade bond rating by at least one nationally recognized rating agency or shall file an action plan to be approved by the Board that is designed to achieve an investment grade rating by a date certain.

3 ***Competition –***

- 3.1 Objective. On an ongoing basis, promote competition in the residential local telephone market so that consumers will have, with reasonable rates, a greater choice through access to multiple service providers.
- 3.2 Objective. Through 2007, continue to ensure that residential and small commercial Basic Generation Service (BGS) is competitively priced by conducting an auction to procure required electricity, protecting residential and small commercial BGS customers from short term price volatility, while procuring reasonable rates.

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C. **GOAL: Enhance the Quality of Life for the Citizens of New Jersey by providing Assistance Programs, promoting Smart Growth Development, protecting and enhancing Environmental Quality and conserving Natural Resources**

1. ***Assistance Programs –***

- 1.1 Objective. By July 2007, develop a comprehensive, statewide plan to make the State's eligible population aware of available electric and gas utility low-income assistance programs, so that the eligible population can enroll. Evaluate the plan annually to ensure that newly eligible individuals are made aware of the available assistance programs.

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1.2 Objective. On an ongoing basis, work with other state agencies, utilities and consumer advocacy groups to refine Universal Service Fund processes and target advances toward a one-stop application process.

1.3 Objective. By July 2007, and annually thereafter, citizens eligible for financial electric and heating assistance from the Universal Service Fund will be identified and offered the opportunity for assistance through the energy efficiency programs of the New Jersey Clean Energy Program.

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1.4 Objective. By December 2007, and annually thereafter, one hundred percent of a carrier's eligible population will be made aware of the telephone Link Up and Lifeline assistance programs by the carriers, or through outreach programs, and will either be automatically enrolled or have access to information on how to enroll.

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2. *Smart Growth Development* –

2.1 Objective. On an ongoing basis, all Board actions related to utility services shall be consistent with the State Development and Redevelopment Plan, the State's policies concerning smart growth and, support development in the designated growth areas of the State Plan.

2.2 Objective. On an ongoing basis, revise the Main Extension regulations as necessary to assist in achieving the goals of the State Development and Redevelopment Plan by requiring developers to pay the cost of extending utility infrastructure in areas not designated for growth in the State Plan in an effective and efficient manner.

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3. *Renewable Energy and Conservation* –

3.1 Objective. By 2008, six and a half percent of the electricity used by New Jersey residents and businesses will be provided by Class I⁴ and/or Class II renewable energy resources, of which a minimum of four percent will be from Class I renewable energy resources.

3.2 Objective. By 2008, foster installation of 300 Megawatts (MW) of Class I renewable electric generation capacity in New Jersey, of which a minimum of 90 MW shall be derived from photovoltaics.

⁴ Class I renewable energy is defined in the Electric Discount and Energy Competition Act as "electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner"

3.3 Objective. By 2012, 785,000 Megawatt hours per year and 6.0⁵ billion cubic feet gas per year of energy savings will be derived from measures installed under the Clean Energy Program.

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3.4 Objective. By 2020, twenty percent of the electricity used by New Jersey residents and businesses will be provided by Class I renewable energy resources.

3.5 Objective. By 2010, reduce potable water delivery by regulated water utilities by five percent compared to the five year average ending 2003.

3.6 Objective. By 2008, reduce aggregate unaccounted for water for regulated water utilities to 15 percent or lower.

4. *Energy Master Plan –*

4.1 Objective. By September 2007, work with the Energy Master Plan Committee⁶ to prepare a comprehensive energy master plan for a period of 10 years on the production, distribution, consumption and conservation of energy in New Jersey.

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Deleted: The Electricity component of the Master Plan will be drafted by December 2005.

D. GOAL: Perform public duties with Integrity based on openness and transparency in governance, be responsive to the Needs and Concerns of the Citizens of the State of New Jersey and enhance Efficiency of Operations

1. Governance and Code of Ethics -

1.1 Objective. The Commissioners and the employees of the Board shall be in continual compliance with the State Ethics Commission's Uniform Ethics Code and the Board's Code of Ethics.

1.2 Objective. In order to ensure continued confidence in proceedings that are pending before it, by December 2006, the Board shall adopt internal policies related to ex parte communications that are consistent with and in compliance with the New Jersey Uniform Rules of Administrative Procedure N.J.A.C. 1:1-1 et.seq.

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2. Operational Efficiency –

2.1 Objective. By December 2006, establish appropriate time periods, protocols, and other milestones for the processing and completion of various types of cases filed with the Board.

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⁵ This corrects a typographical error in the 2005 Strategic Plan

⁶ N.J.S.A. 52:27F-14(a) as amended establishes an Energy Master Plan Committee (Committee) charged with the adoption of the New Jersey Energy Master Plan. The Committee, Chaired by the President of the Board of Public Utilities includes the heads or their designees of the following departments: Environmental Protection; Community Affairs; Health; Human Services; Transportation; and Treasury. Pursuant to Reorganization Plan Number 001-1994, the Director of the Division of the Ratepayer Advocate was added to the Committee.

2.2 Objective. By December 2008, the Board shall post a list of all docketed matters on its website that includes a brief description, date filed and status with links to Board orders on the matter.

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2.3 Objective. By December 2007, seventy-five percent of all cases filed with the Board will be completed within established time periods.

3 *Customer Service-*

3.1 Objective⁷. By July 2008, reduce Average Speed of Answer (ASA) of customer calls to the Board's Division of Customer Assistance and Office of Cable Television Call Centers by 20% compared to 2003.

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3.2 Objective. On an annual basis, fifty percent of complaints to the Board's Division of Customer Assistance and the Office of Cable Television concerning "slamming" and pay-per-view events will be resolved within forty-five days; seventy-five percent within sixty days and ninety percent within seventy-five days.

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3.3 Objective. By December 2006, make the necessary improvements to the Complaint Tracking System so that an objective can be developed for the resolution of other complaints received by the agency.

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⁷ The 2005 objective has been met and so the target and the date to accomplish has been increased.